

Registered No: 1854872

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

FINANCIAL STATEMENTS

31 JANUARY 1995



**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

FINANCIAL STATEMENTS

for the thirteen month period ended 31 January 1995

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The following Appendix does not form part of the statutory accounts

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**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

COMPANY INFORMATION

Directors	P J Underhill J S Harper W P Rees J D Harper M W Lennock
Secretary	M W Lennock
Registered office	Beeches Road Rowley Regis Warley West Midlands B65 0BD
Bankers	Barclays Bank Plc Rowley Regis Warley West Midlands B65 9BN
Solicitors	George Green & Co 195 High Street Cradley Heath West Midlands B64 5HW
Auditors	Clement Keys Chartered Accountants Swinford House Albion Street Brierley Hill West Midlands DY5 3EL

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

DIRECTORS' REPORT

31 January 1995

The directors present their report and the audited financial statements of the group for the thirteen month period ended 31 January 1995.

Principal activity

The group's principal activities throughout the period were building and civil engineering, housing estate development and painting and decorating.

Business review and future prospects

Trading conditions continued to be difficult in 1994 with reduced volumes and tighter margins leading to the demise of construction companies, both large and small, across the UK. In its 97 year history Harpers have survived a number of recessions and it was the experience and knowledge gained over many years that left its Shareholders and Directors better placed to address difficulties common throughout the Industry.

In August 1994 additional capital was injected into the company by members of the Harper family. At the same time they reduced their equity holding to 51% with the introduction of new funds from Peter Underhill and Mark Lennock, both of whom have joined the Board. The company's debt finance was also restructured at this time.

All loss making activities within Harpers have been identified and appropriate action taken. The Group has now been returned to profitability with profits in the second half more than wiping out first half losses to finish with a profit for the 13 months ended 31 January 1995 of £350,773. Whilst achieving this turnaround the Group also improved its quality control, won the 1994/95 Annual Safety Award from the Birmingham Building Safety Group and is in the process of installing a "state of the art" computerised management information system.

A new era for the Harper Group, as it approaches its Centenary will be further progressed later this month when it re-registers as a Public Limited Company.

Loss, dividends and appropriations

The results for the period are shown in the profit and loss account on page 6.

The directors do not propose payment of a dividend, the profit for the period is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the period are set out in note 6 to the accounts.

Market value of land and buildings

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

DIRECTORS' REPORT (CONTINUED)

31 January 1995

Employment

The group is an Equal Opportunity Employer. There is a commitment to provide employees with information and undertake consultation on matters of concern to them with a view to ensuring an awareness of the financial and economic factors affecting the performance of the company. The procedures involve both formal and informal meetings with employees or their representatives.

It is the continuing policy of the group to employ disabled people and to provide employment for employees who become disabled, provided it is practicable to offer suitable employment. The training, career development and promotion of disabled employees are undertaken where possible, in accordance with the needs of the individual employees.

Directors and their interests

The directors serving on the Board at the period end are shown on page 1.

L F Harper resigned on 23 August 1994 and M A Robinson resigned on 30 September 1994.

W P Rees retires from the Board by rotation at the Annual General Meeting and being eligible, offers himself for re-election.

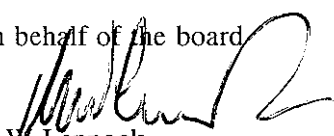
The directors at 31 January 1995 had the following interests in the share capital of the company:

	At 31 January 1995				At 1 January 1994 Or date of appointment			
	Ordinary £1 shares	Deferred £1 shares	Convertible £1 A Ord shares	Convertible £1 B Ord shares	Ordinary £1 shares	Deferred £1 shares	Convertible £1 A Ord shares	Convertible £1 B Ord shares
J D Harper	195	99,805	-	-	100,000	-	-	-
J S Harper	234	119,766	731	331	150,000	-	-	-
W P Rees	-	-	-	-	-	-	-	-
P J Underhill	500	-	-	-	-	-	-	-
M W Lennox	500	-	-	-	-	-	-	-

Auditors

Clement Keys have agreed to offer themselves for reappointment as auditors of the company.

On behalf of the board


M W Lennox
Secretary

Beeches Road
Rowley Regis
Warley
West Midlands
B65 0BD

25 May 1995

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

We have audited the financial statements on pages 6 to 21 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described above the directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the group as at 31 January 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**Brierley Hill
25 May 1995**



**Clement Keys
Chartered Accountants
Registered Auditor**

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

GROUP PROFIT AND LOSS ACCOUNT

Thirteen month period ended 31 January 1995

		1995		1993 (12 months)	
	Notes	£	£	£	£
Turnover			22,920,112		23,539,039
Cost of sales			19,776,130		22,135,535
Gross profit			<u>3,143,982</u>		<u>1,403,504</u>
Administrative expenses		2,665,292		3,740,344	
Other operating income		<u>(110,846)</u>		<u>(96,179)</u>	
			2,554,446		3,644,165
Operating profit/(loss)	2		<u>589,536</u>		<u>(2,240,661)</u>
Interest received			66,637		23,939
Profit on sale of fixed asset investments			<u>85,830</u>		<u>-</u>
			742,003		(2,216,722)
Interest payable	4		<u>(391,230)</u>		<u>(316,261)</u>
Profit/(loss) from ordinary activities before taxation			350,773		(2,532,983)
Tax	5		<u>(51,913)</u>		<u>(12,103)</u>
Profit/(loss) from ordinary activities after taxation being profit/(loss) for the period/year	14		<u><u>298,860</u></u>		<u><u>(2,545,086)</u></u>

Movements in reserves are shown in note 14.

There are no recognised gains and losses in 1994/1995 or 1993 other than the profit/(loss) for the period/year.

The profit and loss account reflects in its entirety the continuing activities of the group. There were no material acquisitions or disposals in the period.

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

GROUP BALANCE SHEET

as at 31 January 1995

		1995		31 December 1993	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6a	1,139,278		1,386,642	
Investments	7	-		364,170	
			1,139,278		1,750,812
Current assets					
Stock	8	4,334,206		6,453,101	
Debtors	9	2,122,264		1,138,782	
Cash at bank and in hand	10	5,246,433		2,585	
		11,702,903		7,594,468	
Creditors: amounts falling due within one year	11	12,629,600		9,597,861	
Net current liabilities			(926,697)		(2,003,393)
Total assets less current liabilities			212,581		(252,581)
Creditors: amounts falling due after more than one year	12		402,000		237,907
Capital and reserves					
Called up share capital	13	602,209		600,000	
Capital reserve	14a	497,143		497,143	
Revaluation reserve	14a	575,651		575,651	
Profit and loss account	14a	(1,864,422)		(2,163,282)	
Total shareholders' funds			(189,419)		(490,488)
			212,581		(252,581)
Shareholders funds are attributable to:					
Equity shareholders			(789,328)		(490,488)
Non-equity shareholders			599,909		-
			(189,419)		(490,488)

The financial statements on pages 6 to 21 were approved by the board of directors on 25 May 1995.

P J Underhill

Director

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

BALANCE SHEET

as at 31 January 1995

		1995		31 December 1993	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6b		132,770		174,761
Investments	7		600,000		964,170
			<u>732,770</u>		<u>1,138,931</u>
Current assets					
Debtors	9	2,680,866		4,123,827	
Cash at bank and in hand	10	1,775,214		1,625	
		<u>4,456,080</u>		<u>4,125,452</u>	
Creditors: amounts falling due within one year	11	(4,174,910)		4,737,940	
Net current assets (liabilities)			<u>281,170</u>		<u>(612,488)</u>
Total assets less current liabilities			<u>1,013,940</u>		<u>526,443</u>
Creditors: amounts falling due after more than one year	12		402,000		225,468
Capital and reserves					
Called up share capital	13	602,209		600,000	
Profit and loss account	14b	9,731		(299,025)	
Total shareholders' funds			<u>611,940</u>		<u>300,975</u>
			<u>1,013,940</u>		<u>526,443</u>
Shareholders funds are attributable to:					
Equity shareholders			12,031		300,975
Non-equity shareholders			599,909		-
			<u>611,940</u>		<u>300,975</u>

The financial statements on pages 6 to 21 were approved by the board of directors on 25 May 1995.

P J Underhill  Director

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

GROUP CASH FLOW STATEMENT

31 January 1995

		1995		31 December 1993	
	Notes	£	£	£	£
Net cash flow from operating activities	18		2,094,044		263,265
Returns on investments and servicing of finance					
Interest received		65,137		23,939	
Interest paid		(396,107)		(311,007)	
Interest element of finance lease rentals		(7,531)		(12,371)	
Net servicing of finance			(338,501)		(299,439)
Taxation					
Corporation tax paid			-		(46,028)
Investing activities					
Purchase of tangible fixed assets		(14,148)		(41,558)	
Sale of tangible fixed assets		268,023		-	
Sale of fixed asset investments		450,000		-	
Net cash inflow/(outflow) from investment activities			703,875		(41,558)
Net cash inflow/(outflow) before financing			2,459,418		(123,760)
Financing					
Issue of shares		2,209		-	
New secured loans		182,000		-	
Repayment of secured loans		(705,479)		(1,112,195)	
Principal payment under finance leases			(57,567)		(73,915)
Net cash outflow from financing			(578,837)		(1,186,110)
Increase/(Decrease) in cash and cash equivalents	19		1,880,581		(1,309,870)

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

1 Accounting policies

The following policies have been applied consistently in preparing the accounts of the group.

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards.

Changes in accounting policies

FRS4 "Capital Instruments" has been adopted by the directors in presenting these financial statements. The amount of shareholders' funds attributable to equity and non-equity interests has been separately disclosed.

Depreciation

Depreciation is provided at the following annual rates to write off the cost less the estimated residual value of the assets over their expected useful economic lives once the asset is brought into use:

Freehold buildings	2% straight line
Leasehold property	Straight line over the term of the lease
Motor vehicles	25% reducing balance
Plant and equipment	25% reducing balance
Office equipment, fixtures and fittings	10 - 25% reducing balance

Stock

Stocks and work in progress are valued at the lower of first in first out cost, and estimated net realisable value.

Land stock is valued at the lower of cost and estimated net realisable value.

Where a contract is deemed to be a long term contract, work in progress is valued at direct cost plus the appropriate proportion of overheads and where the contract can be reliably assessed, the proportion of the expected profit earned to date. Where any contracts are expected to be unprofitable, full provision is made for anticipated losses.

Deferred taxation

Deferred taxation is provided on income and expenditure dealt with for taxation purposes in periods different from those for accounts purposes to the extent that the reduction in the tax charge cannot be expected with reasonable probability to continue for the foreseeable future.

The provision is computed under the liability method and is stated at the rate of corporation tax expected to apply when the tax becomes payable.

**HARPER GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

1 Accounting policies (continued)

Leasing (and hire purchase contracts)

Where an asset is financed by an arrangement that gives rights approximating to ownership (finance lease) the asset is treated as if it had been purchased outright. The amount capitalised and included in tangible fixed assets is the present value of the minimum payments due under the arrangement. The corresponding commitment is included as an obligation under finance leases.

Depreciation of such assets is charged to profit and loss account in accordance with the group's normal depreciation policies. Payments are treated as consisting of capital and interest and the interest element is charged to profit and loss account using the straight line method.

Payments under an arrangement which is in substance of a rental nature (operating lease) are charged to profit and loss account on a straight line basis over the operating lease term.

Turnover

Turnover represents the net amount receivable excluding value added tax for goods and services supplied to external customers and the value of work executed during the year.

Pensions

The group operates both defined contribution and defined benefit schemes.

The assets of the defined contribution pension schemes are held separately from those of the group in independently administered funds. Contributions payable by the group are charged to the profit and loss account in the period to which they relate.

The defined benefit schemes provide benefits based on final pensionable salaries. They are constituted as trust funds whose assets are held separately from those of the group.

2 Operating profit/(loss)

	1995	1993
	£	£
Operating profit/(loss) is stated after charging (crediting)		
Depreciation		
Owned assets	56,972	106,832
Assets held under hire purchase contracts	21,710	33,852
Profit on sale of tangible fixed assets	(85,193)	(3,388)
Profit on sale of investment	(85,830)	-
Operating lease rentals	89,070	105,431
Auditors' remuneration - audit services	30,000	30,000
- other services	16,520	9,797
Rent receivable	(35,176)	(31,305)
	<u> </u>	<u> </u>

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

3 Directors and employees

	1995	1993
	£	£
Staff costs		
Wages and salaries	3,740,989	4,003,896
Social security costs	312,343	445,739
Pension costs	35,635	64,173
	<u>4,088,967</u>	<u>4,513,808</u>
 Average number of employees by category	 No	 No
Administration and selling	61	79
Works	221	240
	<u>282</u>	<u>319</u>
 Directors' remuneration	 £	 £
For services as directors	Nil	Nil
For executive services	170,300	218,362
Compensation for loss of office	43,000	Nil
	<u></u>	<u></u>
 The emoluments (excluding pension contributions) of the chairman		
to 3 May 1994	7,210	34,327
4 May 1994 to 30 September 1994	33,914	Nil
1 October 1994 to 31 January 1995	Nil	Nil
	<u></u>	<u></u>
 The emoluments (excluding pension contributions) of the highest paid director		
	<u>47,101</u>	<u>54,166</u>
 The emoluments (excluding pension contributions) of the other directors fell within the following ranges:	 No	 No
£0 - £5,000	1	-
£5,001 - £10,000	-	1
£10,001 - £15,000	1	-
£45,001 - £50,000	1	-
£50,001 - £55,000	-	2
	<u></u>	<u></u>

**HARPER GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

4 Interest payable and similar charges

	1995	1993
	£	£
On bank loans, overdrafts and other loans wholly repayable within 5 years	385,118	303,890
On hire purchase contracts	6,112	12,371
	<u>391,230</u>	<u>316,261</u>

5 Taxation

	1995	1993
	£	£
Adjustments relating to earlier years	<u>(51,913)</u>	<u>(12,103)</u>

Subsidiary companies have losses amounting to approximately £2,700,000 available for set off against future trading profits.

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

6a Tangible fixed assets - Group

	Freehold land and buildings £	Short leasehold property £	Motor vehicles £	Plant and equipment £	Office equipment, fixtures and fittings £	Total £
Cost or valuation						
At 1 January 1994	1,085,014	30,710	702,290	761,581	197,613	2,777,208
Additions	-	-	4,000	8,048	2,100	14,148
Disposals	(140,000)	-	(121,495)	(305,318)	-	(566,813)
At 31 January 1995	945,014	30,710	584,795	464,311	199,713	2,224,543
Depreciation						
At 1 January 1994	59,150	27,340	497,144	665,146	141,786	1,390,566
Charged in period	6,695	3,370	41,629	12,827	14,161	78,682
Disposals	(13,590)	-	(75,336)	(295,057)	-	(383,983)
At 31 January 1995	52,255	30,710	463,437	382,916	155,947	1,085,265
Net book value						
At 31 January 1995	892,759	-	121,358	81,395	43,766	1,139,278
At 31 December 1993	1,025,864	3,370	205,146	96,435	55,827	1,386,642

The net book value of tangible fixed assets of £1,139,278 (1993 £1,386,642) includes £35,366 (1993 £106,590) in respect of assets held under hire purchase contracts.

Cost or valuation at 31 January 1995 is represented by:

	Freehold land and buildings £	Short leasehold property £	Motor vehicles £	Plant and equipment £	Office equipment fixtures and fittings £	Total £
Valuation in 1988	796,500	-	-	-	-	796,500
Cost	148,514	30,710	584,795	464,311	199,613	1,428,043
	945,014	30,710	584,795	464,311	199,713	2,224,543

**HARPER GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

6a Tangible fixed assets - Group (continued)

On a historical cost basis freehold land and buildings would have been included at:

	1995	1993
	£	£
Cost	469,384	587,375
Depreciation	120,936	107,236
	<u>348,448</u>	<u>480,139</u>
Net book value	<u>348,448</u>	<u>480,139</u>

6b Tangible fixed assets - Company

	Freehold land and buildings	Motor vehicles	Office equipment fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 January 1994	129,567	105,594	60,295	295,456
Additions	-	4,000	2,100	6,100
Disposals	-	(94,987)	-	(94,987)
	<u>129,567</u>	<u>14,607</u>	<u>62,395</u>	<u>206,569</u>
At 31 January 1995	<u>129,567</u>	<u>14,607</u>	<u>62,395</u>	<u>206,569</u>
Depreciation				
At 1 January 1994	12,000	64,366	44,329	120,695
Charged in period	-	1,150	6,310	7,460
Disposals	-	(54,356)	-	(54,356)
	<u>12,000</u>	<u>11,160</u>	<u>50,639</u>	<u>73,799</u>
At 31 January 1995	<u>12,000</u>	<u>11,160</u>	<u>50,639</u>	<u>73,799</u>
Net book value				
At 31 January 1995	<u>117,567</u>	<u>3,447</u>	<u>11,756</u>	<u>132,770</u>
At 31 December 1993	<u>117,567</u>	<u>41,228</u>	<u>15,966</u>	<u>174,761</u>

The net book value of tangible fixed assets of £132,770 (1993 £174,761) includes £Nil (1992 £31,851) in respect of assets held under hire purchase contracts.

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

7 Fixed asset investments

	Group £	Company £
Cost		
At 1 January 1994	364,170	964,170
Disposals	(364,170)	(364,170)
At 31 January 1995	<u>-</u>	<u>600,000</u>

The following companies are wholly owned subsidiaries of Harper Group Construction Limited (formerly J Harper & Sons (Blackheath) Limited) and registered in England and Wales.

Company	Activity
J Harper & Sons (Leominster) Limited	Construction
J Harper & Sons (Bristol) Limited	Construction
J Harper & Sons (Salisbury) Limited	Construction
Harper Housing Limited	House builders
Harper Group Development Limited (formerly Harper Homes Limited)	Housing developers
Harper Homes Limited (formerly Beeches Homes Limited)	Housing developers
Harper Design and Build Limited	Design and build
Warley Painters Limited	Painting and decorating
Harper Industrial Developments Limited	Industrial developers
J Harper & Sons (Anglia) Limited	Dormant
J Harper & Sons (Blackheath) Limited (formerly Halesowen Joinery Company Limited)	Dormant

8 Stock and work in progress

	Group 1995 £	1993 £	Company 1995 £	1993 £
Work in progress	49,908,772	70,089,183	-	-
Progress payments received	(45,872,499)	(64,163,565)	-	-
	<u>4,036,273</u>	<u>5,925,618</u>	<u>-</u>	<u>-</u>
Development land	253,465	464,430	-	-
Stock	44,468	63,053	-	-
	<u>4,334,206</u>	<u>6,453,101</u>	<u>-</u>	<u>-</u>

**HARPER GROUP LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO THE FINANCIAL STATEMENTS

31 January 1995

9 Debtors

	Group		Company	
	1995	1993	1995	1993
	£	£	£	£
Amounts falling due within one year				
Trade debtors	1,711,698	808,785	14,037	12,203
Amounts owed by other group companies	-	-	2,482,424	4,092,946
Other debtors	194,475	181,272	2,744	-
Prepayments	204,091	136,725	169,661	6,678
	<u>2,110,264</u>	<u>1,126,782</u>	<u>2,668,866</u>	<u>4,111,827</u>
Due in more than one year				
Advance corporation tax recoverable	12,000	12,000	12,000	12,000
	<u>2,122,264</u>	<u>1,138,782</u>	<u>2,680,866</u>	<u>4,123,827</u>

10 Cash at bank and in hand

	Group		Company	
	1995	1993	1995	1993
	£	£	£	£
Bank and cash balances	5,032,993	2,585	1,775,214	1,625
Deposits	213,440	-	-	-
	<u>5,246,433</u>	<u>2,585</u>	<u>1,775,214</u>	<u>1,625</u>

The amount of deposits shown above represents funds held by De Montfort Insurance Plc in support of performance bonds entered into by subsidiary companies.

11 Creditors: amounts falling due within one year

	Group		Company	
	1995	1993	1995	1993
	£	£	£	£
Bank loans, overdrafts and other loans	7,118,859	4,461,071	792,244	2,331,812
Trade creditors	4,792,638	4,184,073	186,791	18,927
Amounts owed to group companies	-	-	3,010,918	2,105,103
Other creditors	78,968	71,186	3,864	8,468
Corporation tax	12,104	12,104	-	-
Other taxation and social security	217,868	189,233	65,810	41,572
Accruals	398,276	629,648	115,283	213,536
Obligations under hire purchase contracts	10,887	50,546	-	18,522
	<u>12,629,600</u>	<u>9,597,861</u>	<u>4,174,910</u>	<u>4,737,940</u>

**HARPER GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

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12 Creditors: amounts falling due after more than one year

	Group		Company	
	1995	1993	1995	1993
	£	£	£	£
Harper Group Pension Fund	220,000	220,000	220,000	220,000
Obligations under hire purchase contracts	-	17,907	-	5,468
Directors' loans	102,000	-	102,000	-
Bank loans	80,000	-	80,000	-
	<u>402,000</u>	<u>237,907</u>	<u>402,000</u>	<u>225,468</u>

The loan from the Trustees of the Harper Group Pension Fund is repayable upon notice of 367 days being given and interest is charged at a commercial rate.

Loans and overdrafts are secured on both freehold land and buildings included in tangible fixed assets and freehold land and buildings held for development which are included in stock and work in progress. Interest on loans is charged at 3% above base rate and the loans are repayable on demand.

13 Share capital

	1995		1993	
Authorised	Number of shares	£	Number of shares	£
Ordinary Shares of £1 each	2,300	2,300	600,000	600,000
Deferred £1 Shares	598,830	598,830	-	-
Convertible £1 "A" Ordinary Shares	748	748	-	-
Convertible £1 "B" Ordinary Shares	331	331	-	-
	<u>602,209</u>	<u>602,209</u>	<u>600,000</u>	<u>600,000</u>

Allotted, called up and fully paid

Equity share capital

Ordinary shares of £1 each	2,300	2,300	600,000	600,000
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Non Equity share capital

Deferred £1 Shares	598,830	598,830	-	-
Convertible £1 "A" Ordinary Shares	748	748	-	-
Convertible £1 "B" Ordinary Shares	331	331	-	-
	<u>602,209</u>	<u>602,209</u>	<u>600,000</u>	<u>600,000</u>

**HARPER GROUP LIMITED
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13 Share capital (continued)

At an Extraordinary General Meeting of the Company held on the 23 August 1994 the following Special Resolutions were passed:-

1. That 598,830 of the existing 600,000 issued ordinary shares of £1 each in the capital of the company be and are hereby converted into 598,830 deferred shares of £1 each.
2. That the authorised share capital of the company be increased to £602,209 by the creation of 1130 ordinary shares of £1 each to rank pari passu in all respects with the existing ordinary shares in the capital of the company, 748 convertible 'A' ordinary shares of £1 each and 331 convertible 'B' ordinary shares of £1 each.
3. That the company adopt new articles of association in the form of the document produced to the meeting and initialled by the chairman for the purposes of identification thereof in substitution for all existing and previous articles of association.

The Deferred £1 Shares, the Convertible £1 "A" Ordinary Shares and Convertible £1 "B" Ordinary Shares are entitled to an aggregate cash dividend of £1 in a period only after a dividend of not less than £10,000,000 has been distributed to holders of Ordinary £1 Shares.

On a return of assets on liquidation, these non-equity shareholders would be entitled to receive the sum of 1p per share subject to the holders of the ordinary shares first having received the sum of £1,000 per ordinary share.

The non-equity shareholders have no rights to receive notice of or attend or vote at General Meetings of the Company.

14a Movements in shareholders' funds - Group

	Called up share capital £	Capital reserve £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 1994	600,000	497,143	575,651	(2,163,282)	(490,488)
Issue of share capital	2,209	-	-	-	2,209
Profit for period	-	-	-	298,860	298,860
	<u>602,209</u>	<u>497,143</u>	<u>575,651</u>	<u>(1,864,422)</u>	<u>(189,419)</u>
At 31 January 1995	602,209	497,143	575,651	(1,864,422)	(189,419)

14b Movement in shareholders' funds - Company

	Called up share capital £	Profit and loss account £	Total £
At 1 January 1994	600,000	(299,025)	300,975
Issue of share capital	2,209	-	2,209
Profit per period	-	308,756	308,756
	<u>602,209</u>	<u>9,731</u>	<u>611,940</u>
At 31 January 1995	602,209	9,731	611,940

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15 Contingent liabilities

Harper Group Limited and subsidiary companies' contingent liabilities arising from performance bonds at 31 January 1995 amounted to £292,856 (1993 £Nil) in respect of contracts in progress at the balance sheet date.

Harper Group Limited is party to unlimited guarantees and cross with other group companies to secure loan and overdraft facilities. At 31 January 1995 this amounted to £6,326,616 (1993 £Nil).

16 Deferred tax

	1995	1993	Accounts provision	1995	1993
	£	£		£	£
Potential liability for sale of assets at their revalued amount	102,500	102,500		-	-

17 Other financial commitments

Operating leases - annual commitment	1995	1993
	£	£
Leases expiring:		
within one year	14,048	60,355
in two to five years	63,480	101,727
over five years	-	4,850
	77,528	166,932

18 Net cash flow from operating activities

	1995	1993
	£	£
Operating profit/(loss)	589,536	(2,240,661)
Amortisation of intangible fixed assets	-	38,638
Depreciation on tangible fixed assets	78,682	137,243
Profit on sale of tangible fixed assets	(85,193)	-
Decrease in stocks	2,118,895	1,756,321
(Increase) in debtors	(984,982)	(2,880)
Increase in creditors	377,106	574,604
Net cash flow from operating activities	2,094,044	263,265

**HARPER GROUP LIMITED
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19 Analysis of changes in cash and cash equivalents during the year

	1995 £	1993 £
Balance at 31 December 1993	(2,499,639)	(1,189,769)
Net cash inflow/(outflow)	1,880,581	(1,309,870)
Balance at 31 January 1995	<u>(619,058)</u>	<u>(2,499,639)</u>

**Analysis of cash and cash equivalents
as shown in the balance sheets**

	1995 £	Change in year £	1993 £	Change in year £	1992 £
Cash at bank and in hand	5,246,433	5,243,848	2,585	(764,490)	767,075
Bank overdrafts	(5,865,491)	(3,363,267)	(2,502,224)	(545,380)	(1,956,844)
	<u>(619,058)</u>	<u>1,880,581</u>	<u>(2,499,639)</u>	<u>(1,309,870)</u>	<u>(1,189,769)</u>

20 Directors' interests in contracts

During the year Harper Group Limited and subsidiary companies invoiced Beeches Two plc a company in which certain directors have shareholdings for building work totalling £1,212,381.

Beeches Two Plc invoiced Harper Group Limited and subsidiary companies for building work totalling £482,090.

On 23 August 1994 the company sold its interest in Beeches Two Plc for a cash consideration of £450,000 to a group of investors including P J Underhill, M A Robinson and W P Rees, directors of Harper Group Limited.

21 Staff retirement benefit scheme

The most recent actuarial valuation of the company's pension scheme using the discounted cash flow method was at 1 October 1993. The principal assumptions underlying the valuation were dividend growth of 4 per cent per annum, RPI increase of 5½ per cent per annum, a discount rate of interest on liabilities of 9 per cent per annum, a discount rate of interest, dividends and capital requirements for asset purposes of 9 per cent and pensionable salary increase of 7½ per cent per annum.

The total market value of assets at 1 October 1993 was £4,037,580 and the actuarial value of those assets represented 113 per cent of the liabilities for accrued benefits after allowing for expected future increase in earnings.